

Message Text

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42

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 RSR-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 SCEM-02 EB-11 INT-08 COME-00 TRSE-00

OMB-01 /129 W

----- 020884

R 211156Z JUL 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 3155

INFO AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

C O N F I D E N T I A L TEHRAN 5109

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJECT: OIL: FINAL GOI/NIOC AGREEMENT PRESENTED TO
IRANIAN PARLIAMENT

REF: TEHRAN 4513

1. PRIME MINISTER HOVEYDA IDSCUSSED NEW AGREEMENT WITH CON-
SORTIUM IN IRAN NOVIN PARTY MEETING JULY 18. ON MORNING
JULY 19, HOVEYDA PRESENTED AGREEMENT TO MAJLES WITH LONG, SOME-
WHAT CONFUSED BUT UNPROVOCATIVE SPEECH. (AMBASSADOR HAD WEIGHTED
IN WITH PM PREVIOUSLY ASKING HIM AVOID LANGUAGE WHICH WOULD BE
LIKELY PROVOKE FURTHER LEAPFROGGING.) ACTUAL DOCUMENT PRESENTED
TO MAJLES CONSISTS OF BASIC PURCHASE AGREEMENT TOGETHER WITH
SOME BUT NOT RPT NOT ALL SIDE LETTERS AND RELATED MEMORANDA.

MAJLES WILLFEBATE AGREEMENT FIRST IN COMMITTEE, THEN IN FULL
SESSION, DURING VISIT OF SHAH TO UNITED STATES AND IS EXPECTED
TO PASS LEGISLATION AUTHORIZING NIOC TO EXECUTE PURCHASE AGREE-
MENT IN TIME FOR IMMEDIATE APPROVAL OF SHAH UPON HIS RETURN
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TO IRAN.

2. REZA FALLAH, NIOC SENIOR OFFICIAL AND LEADER OF IRANIAN TEAM IN NEGOTIATIONS, HELD CONFERENCE FOR REPRESENTATIVES FOREIGN MEDIA MORNING JULY 19 WHICH IMMEDIATELY FOLLOWED BY SIMILAR CONFERENCE FOR IRANIAN PRESS. SINCE TEXT OF PURCHASE AGREEMENT WAS HANDED OUT TO PRESS ONLY AT THESE SESSIONS, CORRESPONDENTS HAD LITTLE OPPORTUNITY ASK FALLAH INFORMED QUESTIONS AND DISCUSSION OF AGREEMENT ITSELF WAS SHORT AND SUPERFICIAL. FALLAH TOOK OPPORTUNITY TO MAKE ANOTHER CONFUSED EFFORT ESCAPE FROM LOW FIGURES FOR IRANIAN PRODUCTION AND EXPORT HE HAD PRESENTED TO GRADUATION DINNER OF ABADAN INSTITUTE OF TECHNOLOGY (REFTEL) AND TO TOUR PROSPECTS FOR HUGE IRANIAN GAS SALES VIA PIPELINE TO WESTERN EUROPEAN COUNTRIES. HE SAID THAT A STUDY FOR A PIPELINE RUNNING THROUGH TURKEY, GREECE AND YUGOSLAVIA TO GERMANY, FRANCE AND ITALY WOULD BE COMPLETED IN SEPTEMBER. PIPELINE, ACCORDING FALLAH, WOULD BE BUILT WITHIN NEXT FEW YEARS AT A COST SOMEWHAT HIGHER THAN \$3 BILLION, COST CHARACTERIZED AS BEING QUOTE UTTERLY NEGLIGIBLE UNQUOTE IN RELATION TO POTENTIAL PROFITS.
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